

### **Growth in EBITDA**

EBITDA in 2019 is DKK 9.4m compared to DKK 2.0m last year (excluding sales gains and the reservation for losses on receivables). EBITDA in Q4 is DKK 2.8m, DKK 47.9m above last year mainly due to the reassessment of the gain from the sale of the fine Art business and the reservation for loss on receivables included in Q4 2018, as well as a DKK 2.4m improvement in EBITDA from operations.

Auction Turnover for the year declined 2 percent compared to last year, primarily due to a weak Q4 2019, resulting in a revenue decline of 3.4 percent compared to last year.

The commission to partners was reduced as a result of the lower Auction Turnover and due to the purchase of auction houses.

The like for like business has reduced cost by 3 percent compared to last year, partly offsetting the increase in cost from acquired businesses, primarily the fine art business.

The Cash Flow from Operations in Q4 is DKK 24.3m a decrease of DKK 11.5m compared to 2018. The Cash flow from operations for the full year improved by DKK 34.1m compared to last year. The improvement is partly driven by seasonality in the business significantly impacted by timing of Fine Art auctions, and partly due to improved EBITDA.

To support and strengthen the positive development we will continue the intensified sales- and marketing initiatives and further increase the focus on operations of the business.

### **Commercial initiatives**

Several commercial initiatives are showing positive effect on the results. Among them, a continued increased focus on sales management, business control and execution both internally in the headquarters and in relation to the individual auction houses.

The comprehensive optimization process that all auction houses have gone through in terms of logistics and handling of the auction supply chain, has released resources for intensified sales activities.

Apart from targeting more private sellers, we are continuously targeting professional sellers to consign larger lot stocks or one-off sales within both vintage items and newly produced items.

In terms of marketing activities, we are continuously focused on creating local activities including an increase in our outreach via focused social media, which is still showing a positive effect and strengthening our presence in the local and regional communities.

With regards to Stockholms Auktionsverk, we have observed a continuously positive steady development throughout the year. The implementation of Lauritz.com's sales management system is expanding the commercial skills among our Swedish experts whose role is currently changing from a more internal role to a more external role, proactively contacting potential sellers

for consignments. Moreover, our focused brand related collaborations with other strong brands and ambassadors are influencing the results positively, and we have strengthened our Stockholm based marketing department to support the positive development further.

### **Negotiations regarding financing structure**

Negotiations are ongoing with various investors regarding a new financing structure. These negotiations include a group of large existing bondholders. The negotiations are constructive, and it is expected that a solution will be found. Amortizations are put on hold during these negotiations which also include a new amortization structure.

Further we are continuing negotiations with another group of investors headed by Tianrong Investment Group about establishing a joint venture for entering the Asian auction market, and for a new financing arrangement to replace the current bond debt with new equity and a new senior loan.

### **Guidance for 2020**

Our guidance for 2020 is an expected growth in Auction Turnover and Revenue of 0-5 percent, and EBITDA of DKK 10-15m.

**Bengt Sundström, Chairman of the board**

**Carsten Rysgaard, CEO**

**Preben Vinkler Lindgaard, CFO**

## Highlights 2019

### October – December 2019

- EBITDA in Q4 2019 improved to DKK 2,779k, compared to DKK -45,090k in Q4 in 2018. Excluding the reassessment of the value of the Fine Art sale and the reservation for losses on receivables included in Q4 2018 the result in Q4 2018 was DKK -141k.
- Auction Turnover decline of 11.2 percent.
- Average knockdown price DKK 2,850 (3,008).
- Number of knockdowns 71,133 (75,847).
- Revenue decrease of 13.6 percent in Q4 compared to last year.
- Cost level in like for like business in Q4 is reduced by 2 percent compared to last year, excluding the 10 percent increase in marketing spend in Q4 other cost has been reduced by 4 percent.
- Cash flow from operations in Q4 2019 declined by DKK 11.5m compared to Q4 in 2018.

### January – December 2019

- EBITDA for 2019 improved to DKK 9,436k, compared to DKK 1,978k (excluding sales gains and the reservation for losses on receivables) in 2018. Equal to an Auction Turnover Margin<sup>1</sup> of 1.3 percent.
- Auction Turnover decline of 2.0 percent.
- Average knockdown price DKK 2,675 (2,712).
- Number of knockdowns 270,530 (272,248).
- Revenue decreased by 3.4 percent compared to last year.
- Cost level in like for like business in 2019 is reduced by 3 percent compared to last year, excluding the 13 percent increase in marketing spend in 2019 other cost has been reduced by 6 percent.
- Cash flow from operations improved by DKK 34.1m compared to 2018. The improvement is partly driven by seasonality in the business significantly impacted by timing of Fine Art auctions, and partly due to improved EBITDA.

### Lauritz.com A/S key figures

DKK million	October – December		January – December	
	2019	2018	2019	2018
Auction turnover	202,704	228,179	723,537	738,217
Revenue	61,403	71,042	220,228	227,962
Number of Knockdowns (excl. QXL)	71,133	75,847	270,530	272,248
Average Knockdown price (excl. QXL)	2,850	3,008	2,675	2,712
EBITDA	2,779	-45,090	9,436	-2,305
Auction Turnover Margin <sup>1</sup>	1.4%	-19.8%	1.3%	-0.3%
Profit	-9,192	-83,552	56,697	-66,455
Earnings per share	-17.31	-157.38	106.79	-125.17
Cash flow from operations	24,255	35,798	-3,958	-38,123

<sup>1</sup> Auction Turnover Margin = EBITDA/Auction Turnover.

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This information is information that Lauritz.com A/S is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above, at 09.00 am CET on 27 February 2020.